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# THE Demand and Price SITUATION

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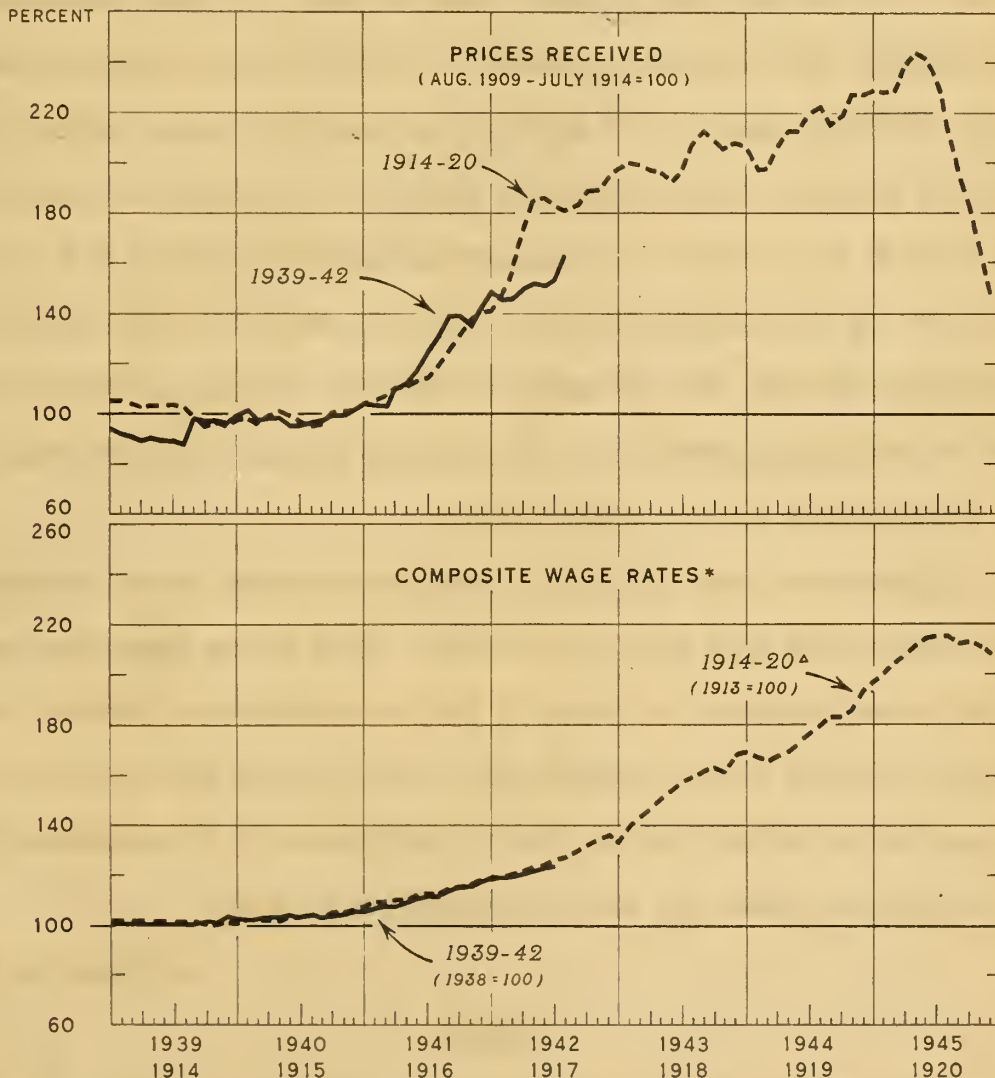
BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.



SEPTEMBER 1942

PRICES RECEIVED BY FARMERS AND COMPOSITE WAGE RATES,  
INDEX NUMBERS, UNITED STATES, 1914-20, AND 1939-42



\*BASED ON DATA FROM FEDERAL RESERVE BANK OF NEW YORK

<sup>Δ</sup> ADJUSTED FOR SEASONAL VARIATION

U. S. DEPARTMENT OF AGRICULTURE

NEG. 42587 BUREAU OF AGRICULTURAL ECONOMICS

WAGE RATES THUS FAR IN WORLD WAR II HAVE INCREASED AT ABOUT THE SAME RATE AS DURING THE CORRESPONDING PERIOD OF THE FIRST WORLD WAR. PRICES RECEIVED BY FARMERS ALSO FOLLOWED VERY SIMILAR COURSES DURING MORE THAN 2 YEARS OF THE TWO WARS. BUT SINCE JANUARY, WHEN THE EMERGENCY PRICE CONTROL ACT OF 1942 WAS APPROVED, PRICES RECEIVED BY FARMERS HAVE RISEN MUCH MORE SLOWLY THAN DURING THE CORRESPONDING PERIOD OF WORLD WAR I JUST BEFORE PRICE CONTROLS WENT INTO EFFECT.

## SUMMARY OF DEMAND AND SUPPLY CONDITIONS

The outlook for the remainder of 1942 is that domestic consumer demand for agricultural products will be unusually strong, but military and lend-lease requirements will continue very large, and that prices will remain fairly close to present levels.

War expenditures, now at an annual rate of about 65 billion dollars, probably will increase for at least another year. Various measures of consumer income - wages, income payments - reflect these rising war expenditures. With the civilian supplies of durable consumer goods being curtailed, the balance of consumer income available for savings in 1942 is expected to be twice as much in relation to income as the 1929-40 average, and in 1943 the balance may be three times as large. But, in spite of this buying pressure in commodity markets, the extension of wartime controls to cover wages and prices of additional commodities is expected to hold wholesale and retail price fluctuations within narrow limits.

Estimates of crop production have been revised upward throughout the summer, and prices also have been rising. Cash income from farm marketings in 1942 is now estimated at about 15 billion dollars - a billion dollars more than appeared likely 3 months ago. With record food production this year, per capita quantities of food for civilians in the calendar year 1942 will average out about the same as quantities in 1941.

-- September 15, 1942

## DEMAND

With consumer income continuing to increase the outlook is for an unusually strong domestic consumer demand for agricultural products during the remainder of 1942. Military and lend-lease requirements also will be heavy.

Various broad measures of consumer income continue to show a strong upward trend. The wage income of industrial workers in July was 227 percent of the 1935-39 average compared with 173 a year earlier. The gain from March



to July was especially large (about 17 percent) following the slight downward trend which accompanied the slowing up and stoppage of passenger automobile production. Both the total compensation of nonagricultural employees and national income payments increased in July for the twenty-seventh consecutive month. Gains over July 1941 amounted, respectively, to 27 and 22 percent.

Expenditures for war are now running at an annual rate of about 65 billion dollars compared with 17 billion in September 1941. Budget estimates indicate that there will be further large increases in the rate of war spending and that the peak probably will not be reached for another year or longer.

At the same time that war activities are causing an increase in the income of consumers, the production of many civilian industrial products are being curtailed or eliminated and the military demand for others results in smaller supplies for civilians. Some industrial products which ordinarily are bought in large quantities by consumers (automobiles, tires, etc.) are no longer available to the public generally. This tends to increase the proportion of consumer funds available for the purchase of other industrial products, services and agricultural products.

This is the sort of situation which, in the absence of wartime controls over distribution and prices, could lead to commodity price inflation sufficient to relieve consumers of their increased income and to increase greatly the war costs. But with broad Government controls over commodity prices and over the distribution of some scarce products, consumers will not have to bid against each other to get a share of the available supplies. The amount of consumer income over and above expenditures for goods, services, and personal taxes, which in 1941 amounted to around 15 billion dollars, is expected to be twice as much this year and in 1943 could conceivably rise to three times the 1941 aggregate. These amounts in 1942 and 1943 would represent, respectively, about two and three times the 1929-40 average proportion of consumer income which was available for saving. The proportion in 1941 was about one-third larger than this average.

In periods of rising income the demand of consumers is for larger quantities and better qualities of food. Therefore, even without any expansion in military and lend-lease purchases of food, domestic demand would be expected to increase considerably this year. Food production in 1942 will be a record and the per capita amount available for civilian consumption generally will be equal to the 1941 level. Compared with 1941, on the basis of present prospects, civilians will be able in the year 1942 as a whole to maintain or perhaps increase their per capita consumption of cereals, dairy and poultry products, lamb and mutton, fresh vegetables, and edible fats and oils except lard, but they are getting along with a little less sugar, fruits, beef, pork and lard.

#### GENERAL PRICE LEVEL

The extension of wartime controls to cover wage increases and prices of additional commodities is expected to hold price fluctuations within narrow limits, similar to those of the past few months, despite the growing upward pressure which will be exerted by increasing consumer income and large military and lend-lease requirements.

Wholesale prices continue to fluctuate narrowly. The Bureau of Labor Statistics weekly all-commodity index moved inside a 1-point range during the 22 weeks from April 11 to September 5. Most nonagricultural commodity prices have been subject to OPA wholesale price ceilings since May 11. The index of prices for these commodities has not exceeded the average level of the first week of general controls and since early July has receded fractionally. Prices of farm and food commodities, larger proportions of which are not subject to wholesale price ceilings, have risen moderately since controls went into effect, according to weekly Bureau of Labor Statistics index numbers.

Urban living costs (since retail price ceilings became effective in May) have behaved much like wholesale prices. The cost of non-food items entering into the urban family budget was slightly lower in August than in May, but food costs rose 3.7 percent between May and August.

#### FARM INCOME AND PRICES

Cash income from marketings increased more than usual in August. Products from a record crop outturn began to move in volume, sales of livestock and livestock products continued at record or near-record levels, and prices received by farmers rose generally.

Cash income from cotton and tobacco rose in August as marketings increased seasonally. A heavy movement of spring wheat reduced the usual August decline in wheat marketings, and with wheat prices moderately higher than in July, the decrease in cash income from wheat was considerably smaller than usual. Marketings of oats rose sharply in August, after allowance for the usual increase, and corn marketings advanced by about the usual amount. Hog slaughter (federally inspected) was the highest for any August since 1933, cattle slaughter was a record for the month, and sheep and lamb slaughter was a record for any month. With rising prices for meat animals, income increased more than usual. Pasture conditions were favorable in August, milk production was a record for the month, and there were further advances in the prices of fluid milk as well as in prices of butter and butterfat. Marketings of chickens and eggs in August continued large and prices rose, as adjusted for seasonal variation. Movement of commercial truck crops and vegetables continued heavy in August and prices were sharply higher than in July.

Prices of farm products in central markets in mid-September indicate that most or all of the 9-point August rise in the general index of prices received by farmers was maintained in September. With prices received by farmers having advanced since July, and with larger crops in prospect than had been expected earlier in the season - especially of wheat, corn and cotton - income from marketings will be considerably larger than was indicated by the July forecast. It is now estimated that cash income from all farm marketings will be around 15 billion dollars in 1942 - about 1 billion dollars more than was estimated in July.

#### COTTON

The September cotton report placed the production of cotton at 14,028,000 bales, an increase of 943,000 over the August report. As the result of exceptionally favorable weather conditions during August, the



prospective yield of cotton increased from 266.7 pounds on August 1 to 289.3 pounds on September 1. This would be an all-time record, exceeding last season's yield by 57.4 pounds and the 1937 record yield by 19.4 pounds. Unusually good yield prospects were evident throughout the entire cotton area. Through August about 738,000 bales of cotton had been ginned compared with 506,000 bales during the corresponding period last season. Over half of the ginnings to date were in Texas compared with 15 percent last year.

If for analytical purposes August farm prices of cotton and cottonseed are used, the returns from lint for a crop of the size indicated would be about 1.3 billion dollars and from the seed about 0.2 billion dollars, giving a total return from marketings of about 1.5 billion dollars. This would be 37 percent larger than the returns in 1941 and the largest since 1925.

Despite the sharp increase in the estimated size of the crop, cotton prices advanced slightly during the past month. The price of Middling 15/16 inch in the ten spot markets was 18.64 cents on September 12, a gain of about one-fourth cent for the month. The August farm price was 18.03 cents, or 96 percent of the parity price which was 18.85 cents for the third successive month. The 1941-42 weighted season average farm price was 17.03 cents per pound compared with 9.89 cents in 1941-42. This is the highest average price since 1928-29.

#### WHEAT

The indicated production of all wheat, according to the September official estimate, is 982 million bushels. The current estimate is nearly 4 percent larger than last year's 946 million bushels and second in size to the billion bushel crop in 1915. The increase of 27 million bushels from the indication of a month earlier is all in spring wheat, for which the yield per acre is 20 bushels, -- an all-time record.

With carry-over estimated at 633 million bushels and the crop at 982 million bushels, total supplies are 1,615 million bushels. This is by far the largest supply in the history of our country and compares with 1,331 million bushels last year -- the previous record. With domestic consumption estimated at 750 million bushels there would be 865 million bushels available for exports in 1942-43 and carry-over July 1, 1943. Supplies in 1942-43 of all classes are large with the exception of soft red winter wheat. Early season inspections indicate that the quality of hard winter wheat is better than last year but that of soft red winter is not as good.

Cash wheat prices on September 14 were about 9 cents above a month earlier. The advance reflected the lessening of pressure of sales in cash markets and the placing of larger quantities under loan, together with the effect of increased demand. Farm prices generally continue below loan values. Prices at St. Louis on September 14 were 5 cents above loan values, but at other markets they were below as follows: Portland 5 cents, Kansas City 6 cents, and Minneapolis 15 cents. Through September 5 a total of 113 million bushels of 1942 wheat had been placed under loan, compared with 139 million bushels to the same date a year earlier. If approved storage space is available, over 400 million bushels of this year's crop may go under loan.

## RICE

A total rice crop of 72.3 million bushels was indicated in the September report. This is an all-time record production - 34 percent above last year's near record crop of 54.0 million bushels and 58 percent above the 10-year average production of 45.7 million bushels. Production in the Southern rice area is indicated at 60.9 million bushels which is a reduction of 2 million bushels from the estimate a month ago. This reflects the damage done in August by two hurricanes in the Texas rice area. The production estimate for California is 11.4 million bushels, unchanged from the indication of a month earlier. Rain delayed the harvest over much of the Southern area, where the marketing season usually starts in early August. Late planting and cool weather has retarded development of the crop in California, where harvesting is not expected to start until late September or early October.

With carry-over of old rice only a fraction of a million bushels, total supplies may be about 73 million bushels. Domestic consumption in continental United States and possessions is estimated at about 45 million bushels. This would leave about 28 million bushels for export in 1942-43 and carry-over at the end of the season - almost twice as much as in 1941-42. With rice from Oriental countries cut off by the war, it is expected that our exports in 1942-43 will be large.

Milled rice prices have continued firm, after being reduced to the new ceiling levels established August 19 by the Office of Price Administration. This firmness in price reflects negligible supplies of old-crop rice and the delayed movement of the new crop. Maximum prices at base points for milled rice under the new regulations are \$8.25 per 100 pounds for Rexoro and Nira, \$7.50 for Fortuna, \$7 for Edith, \$6.65 for Calady, \$6.50 for Blue Rose, American Pearl and Lady Wright, \$6.25 for Zenith, and \$6.20 for Early Prolific. For Rexoro, Nira and Fortuna second heads the base point price is \$6 and for other varieties of second heads \$5.25. The maximum price of screenings is \$4.50 and of brewers rice \$4 per 100 pounds. These maximum prices differ from the previous regulations in that they apply to Extra Fancy, or United States No. 1 Rice. Base points include: Crowley, Louisiana, El Campo, Texas, Stuttgart, Arkansas; and San Francisco and Imperial, California.

## FATS AND OILS

Prospects for the cottonseed, soybean, peanut, and flaxseed crops improved further during August. If September 1 indications are realized, the potential output of oil from the 1942 harvest of these crops is about 4,400 million pounds, compared with about 2,750 million pounds from the 1941 harvest. But with a production of soybeans in the North Central States this year greatly in excess of the annual crushing capacity of the mills in the region, a substantial quantity of 1942-crop soybeans may not be crushed by October 1943, and actual production of oil from the 4 crops during the crop year 1942-43 may not exceed 4 billion pounds. On this basis, production of fats and oils from domestic materials in the 1942-43 crop year probably will total close to 12 billion pounds, over 2 billion more than in 1941-42. This increase would be about sufficient to offset anticipated increases in lend-lease exports and decreases in imports, plus some increase in domestic consumption. It is not sufficient, however, to permit the accumulation of reserve stocks against unexpected requirements for fats and oils or a year of poor crops.



Prices of most fats and oils were little changed in August, but butter prices averaged 9 percent higher than in July. This rise was more than twice as great as the normal seasonal advance. With movement of the new crop to market in volume, flaxseed prices weakened in the second half of August and for a few days were below the support level of \$2.40 per bushel at Minneapolis, but flaxseed prices recently have been at or slightly above the support level.

Commodity Credit Corporation recently announced a series of contracts to be entered into with crushers and refiners as part of an over-all program to facilitate production of vegetable oils from the large 1942 oilseed crops, to support prices to farmers, and to preserve price ceilings. The program establishes minimum prices to farmers for oilseeds and minimum prices to crushers for meal and crude oil. The minimum prices for crude oil are the same as the maximum prices set by the Office of Price Administration. To protect ceiling prices on vegetable oil products, the program also provides for resale of crude soybean, peanut, and cottonseed oil to refiners at 1/2 cent per pound under the ceiling prices of crude oil.

#### CORN AND OTHER FEED GRAINS

Prospective supplies of feed grains for 1942-43 increased 6 percent during August, principally because of an increase of 262 million bushels in the indicated 1942 corn crop. The 1942-43 supply of feed grains is now expected to total 139 million tons, 9 million tons more than the 1941-42 supply. Including feed wheat, the supply per animal may be about the same as the supply last year and about 15 percent above the 1928-32 average. Indicated 1942 production of hay and oilseeds also increased during August. A hay supply of 116 million tons, 8 percent larger than the near record 1941-42 supply, is in prospect. The total supply of oilseed cake and meal, plus gluten feed production, is expected to total a little over 8 million tons, or about 40 percent greater than last year. A record disappearance of feed is in prospect for 1942-43.

Prices of feed grains and byproduct feeds have not changed much during the past month. Since last March, market prices have declined for oats and barley and many of the byproduct feeds. Corn prices have not changed materially. Livestock prices, on the other hand, have advanced and nearly all livestock-feed price ratios are now favorable to livestock producers. Record feed supplies will limit advances in feed prices during 1942-43. Prices of tankage and meat scraps continue at ceiling levels and are high in relation to quotations on new crop soybean and linseed meal. These latter meals probably will be a cheap high-protein feed for hogs and poultry in the Corn Belt during most of 1942-43.

#### HOGS

Slaughter supplies of hogs will increase seasonally during the next 2 or 3 months as the market movement of the record large 1942 spring pig crop gets under way. Total marketing during the last quarter of 1942 will be the largest on record and may average more than 25 percent larger than in the final quarter of 1941. The seasonal increase in pork supply will tend to ease the tight meat situation but lend-lease and military purchases are expected to be stepped up sharply during this period. The Office of Price Administration has announced its intention to place ceiling prices on live hogs when a suitable plan is formulated. In recent months hog prices have been high relative to prices of hog products. With increased marketings, the spread between prices of hogs and hog products probably will widen.

Hog prices fluctuated moderately during the past month but weakened a little during the last of August and in early September. The average cost of all hogs at Chicago dropped from \$14.47 for the week ended August 29 to \$14.11 for the week ended September 5. The price spread between packing sows and barrows and gilts continues seasonally wide but it is considerably narrower than a year ago.

Hog slaughter was reduced seasonally in August but the weekly rate of marketings increased in late August and early September. Slaughter under Federal inspection during August totaled 3.2 million head, 13 percent smaller than in July but 15 percent larger than in August 1941. About 33 percent of all hogs marketed at 7 important markets during August were packing sows, compared with 28 percent in July and 30 percent in August 1941. An increase of 9 pounds in the average weights of all purchases over a year earlier reflects not only the higher proportion of packing sows but also the heavier weights to which hogs are being fed.

#### CATTLE

Prices of most grades of slaughter cattle have declined moderately since mid-August, apparently weakening under the pressure of unusually heavy marketings. The weekly rate of slaughter increased during late August and early September and slaughter will continue large throughout the rest of the year. During the next few months marketings of well-finished cattle probably will be somewhat smaller than a year earlier, but total slaughter of all cattle is expected to continue somewhat larger. The Office of Price Administration has announced that ceiling prices for live cattle are being considered.

Total slaughter of cattle under Federal inspection during August amounted to 1.1 million head, 5 percent larger than in July and 14 percent larger than a year earlier. This is the largest August slaughter under Federal inspection on record and is the second largest monthly slaughter since January 1919. Federally inspected calf slaughter totaled 460,000, 11 percent larger than a year earlier but about the same as in July.

The movement of stocker and feeder cattle to the Midwest is much heavier than a year ago. Sales of feeder and stocker steers and calves at four markets totaled 103,300 head during August compared to 66,700 a year earlier. Apparently abundant hay and pasture are encouraging this large movement into the Corn Belt.

Prices of all classes of cattle at Chicago during August were near or above the highest levels previously reached this year. The average price of Good grade beef steers at Chicago during August of \$14.85 was over \$1 higher than in July and over \$3 higher than the August average last year. The spread between prices of upper and lower grades of slaughter cattle has widened somewhat in recent weeks, reflecting increased marketings of range cattle. Veal calves are now selling at the highest prices this year. The average price of Good and Choice grade vealers for the week ended September 5 at Chicago was \$15.40 compared with \$14.65 a month earlier and \$13.50 in the corresponding week last year.



## SHEEP AND LAMBS

Marketings of sheep and lambs have picked up sharply during the past 2 months, with supplies running much larger than a year earlier despite the slightly smaller lamb crop this year than last. This, at a time when range conditions are generally good, indicates that sheep numbers have probably reached a peak and that some liquidation may now be under way. In the past few years the number of sheep marketed for slaughter has been quite small, accounting for only about 5 or 6 percent of the total number of sheep and lambs slaughtered under Federal inspection during the spring and summer. During June and July this year the proportion was about 10 percent, with sheep slaughter in the first 7 months of 1942 totaling about 45 percent greater than a year earlier.

Inspected slaughter of sheep and lambs during August totaled 1,840,000 head, 8 percent more than in July and 21 percent more than in August last year. Commercial slaughter was the largest for any month on record.

Lamb prices have fluctuated considerably during the past 2 months, at levels substantially higher than a year earlier despite the large increase in slaughter supplies. The average price of Good and Choice grade slaughter lambs at Chicago for the week ended September 5 of \$14.05 was about 30 cents lower than a month earlier but about \$1.50 higher than a year earlier. Prices of feeder lambs have increased moderately since early July. The average price of Good and Choice grade feeder lambs at Omaha in early September of \$13.25 was about \$2 higher than a year earlier.

## DAIRY PRODUCTS

Prices of 92-score butter at Chicago increased from 39.5 cents per pound on August 1 to 41.75 cents on September 4 and on the latter date were 5-3/4 cents above a year earlier. Recently prices have declined slightly, reflecting the possibility of price ceilings on dairy products. However, seasonal adjustment of parity prices would permit some further increase in dairy product prices during the remainder of 1942. Prospective feed prices in relation to butterfat prices may average about 8 percent higher in 1943 than in 1942 and about 15 percent higher than the 1920-34 average. Hog and beef cattle prices in relation to butterfat prices also may continue materially above the long-time average, indicating continued competition from these enterprises for feed and labor.

With pasture conditions on September 1 the best since 1915, total milk production on that date was 5 percent larger than on the same date last year. Weekly butter production is now running slightly larger than a year earlier but commercial stocks on September 1 were 27 percent below last year's unusually large stocks and 2 percent below the 1937-41 average stocks for that date.

Production of evaporated milk continued to decline in July and was only 5 percent larger than in July 1941. Wholesale prices of evaporated milk at New York advanced from \$3.55 per case for the week ended August 1 to \$3.73 for the week ended September 5. Cheese production recently has been about 10 percent above a year earlier.



## POULTRY PRODUCTS

Farm marketings of young chickens in the Midwest are the largest on record and will increase until the seasonal peak is reached in October or November. Total marketings of chickens from farms in 1942 will be 16 to 18 percent larger than in 1941. Moreover, specialized production of broilers and fryers in the remainder of 1942 is likely to continue the largest on record. Total supplies of chicken in the next few months will be 20 to 25 percent greater than last fall. Supplies of turkeys will be about the same as last year.

Despite the larger supplies of poultry, prices received by farmers are likely to continue materially higher than last year. Further increases in consumer incomes are resulting in continued strengthening in the consumer demand for meats. Moreover, chicken apparently is being used as a substitute for "red" meats in localities where the latter has been somewhat limited. The average price received by farmers for chickens in mid-August was 19.6 cents per pound, or 113 percent of parity. Prices increased slightly further in late August and early September.

Egg production is continuing much larger than a year ago - the August output was 13 percent larger. Despite the record quantities going to drying plants, receipts of shell eggs at terminal markets have been running larger than last year. Net storage withdrawals are unusually large since considerable quantities are being used by drying plants.

The average price received by farmers for eggs in mid-August was 32.2 cents per dozen or 102 percent of parity, and 20 percent higher than in August last year. The egg-feed ratio is about as favorable as a year ago and considerably more favorable than average. Wholesale egg prices increased slightly during the month ended in mid-September and will advance further as marketings decrease seasonally.

## TOBACCO

Flue-cured leaf tobacco was brought under a temporary 60-day price ceiling in an emergency regulation issued by the Office of Price Administration, effective August 31. While the temporary regulation is in effect, discussions will be held with the idea of developing a permanent regulation. The temporary regulation divides the 60 days into two periods - August 31 to September 29, inclusive, and September 30 to October 29, inclusive. During each period, the weighted average price per pound paid by each purchaser cannot exceed the weighted average price paid by him during the base period August 24 to 28, inclusive. If a buyer made no purchases between August 24 and 28, his average price during each of the 30-day periods cannot exceed the average market price per pound during that period - 34.86 cents. This ceiling does not apply to purchases made for the account of the Commodity Credit Corporation or to purchases of loose leaf tobacco which is resold on warehouse floors.

The price ceiling will exert an important restraining influence on increases in prices for flue-cured leaf as a whole between August 31 and October 29, and by the end of this period most of the crop will be sold.

However, wide latitude is permitted with respect to prices paid for individual grades or for total purchases made within relatively short periods of time.

Prices of flue-cured tobacco so far this season have averaged more than a third higher than last season and also are several cents a pound above October 1, 1941 which for flue-cured tobacco is the highest of the four ceiling standards set under the Emergency Price Control Act of 1942. During the week following the imposition of ceilings, average prices by grades on type 12 and type 13 auction markets were higher than in the preceding week according to the Agricultural Marketing Administration. The general average for all sales was lower, however, due to the poorer quality of marketings. Gross sales of type 13 tobacco up to September 3 amounted to 152 million pounds at an average price of 35.38 cents per pound, and sales of type 12 to 57 million pounds at an average of 34.51 cents. Sales of type 14 were completed in late August at an average price of approximately 30 cents.

### FRUITS

Indications on September 1 were that total domestic fruit production in 1942-43 would be slightly above the record crop of 1941-42. The aggregate production of eight major deciduous fruits (peaches, pears, grapes, cherries, plums, prunes, apricots, and commercial apples, combined on a fresh fruit basis) may be only 2 percent below the large 1941 crop but 6 percent above the 1934-39 average. Production of citrus fruits may be of record size. Increased demand on the part of consumers and Government will generally result in prices for deciduous fruits considerably higher than in the previous season. Citrus fruit prices probably will average as high or slightly higher in 1942-43 despite the larger production in prospect.

On August 15 grower prices of commercial apples were 79 percent of parity, Valencia oranges for fresh consumption 87 percent, and lemons for fresh consumption 91 percent. Although prices of certain fruits may average above parity during the 1942-43 marketing season, fruit prices in general will be at or below parity.

The carry-over of canned and dried fruits into the 1942-43 season was the smallest in recent years. However, present indications are that total supplies of canned fruits available to domestic civilian consumers in 1942-43, after the requirements of the armed forces and lend-lease have been met, will be sufficient to meet consumers' demands at the ceiling prices that will obtain. Unless some control of inventories is instituted, however, it is likely that little or no stocks of canned fruits (excluding some citrus juices) will be available at the beginning of the 1943-44 season. Prices of canned fruits may average 20 to 25 percent above the average in 1941-42.

On September 1 it was estimated that the commercial apple crop would total 126.1 million bushels, 4.0 million bushels more than last year. The effects of increased demand for apples and apple products this year over last on apple prices will more than offset the effects of the slightly larger crop.

Auction prices of California lemons at the New York auction averaged \$4.95 per box in the week ended September 4, about 40 percent above prices in the comparable week in September 1941. From June to the middle of August



California lemon prices averaged considerably below prices in the comparable period last summer. Prices of California Valencia oranges at New York averaged \$4.13 per box in the week ended September 4 compared to \$3.96 in the comparable week a year earlier.

### TRUCK CROPS

Generally higher yields per acre of commercial truck crops have resulted in relatively abundant supplies this year as compared to last. Total tonnage of commercial vegetable crops produced or now being harvested is expected to exceed last season by 8 percent, while the 1942 accumulated acreage which has been harvested or is being harvested is less than 1 percent greater than last year for the same crops.

Relatively abundant late-crop supplies are in prospect for snap beans, carrots, onions, and tomatoes. Supplies of cabbage for the manufacture of kraut, and of celery, green peas, and cauliflower, are expected to be smaller than in 1941.

Prices of some important truck crops on the New York wholesale market weakened during the last half of August, although remaining considerably above last season. Significant price declines occurred in the New York wholesale price of cantaloups, cauliflower, cucumbers, and sweetpotatoes. Prices rose for lettuce, lima beans, cabbage, onions, peas, and several other commodities. The high level of consumer purchasing power has strengthened the demand for fresh vegetables to the extent that prices this season have been maintained at a relatively high level despite more abundant supplies of fresh vegetables.

Estimates indicate a record pack of the most important canned vegetables. Greatest increases are in the packs of green peas, tomatoes, snap beans, and sweet corn, which are not restricted by present War Production Board tin allotments. A large part of the 1942 canned vegetable pack will be reserved for Government requirements.

### POTATOES

Potato prices declined slightly during August and early September, but remained considerably higher than last season. Greatly increased demand resulting from the high level of consumer purchasing power has held potato prices well above the 1941 level despite an expected crop of 378.4 million bushels for 1942 as compared with 357.8 million last year.



# ECONOMIC TRENDS AFFECTING AGRICULTURE

INDEX NUMBERS: INDICATED BASE PERIOD = 100

YEAR AND MONTH	INDUS- TRIAL PRO- DUCTION <sup>1</sup>	FACTORY EMPLOY- MENT <sup>2</sup>	FACTORY PAY ROLLS <sup>2</sup>	INCOME OF IN- DUSTRIAL WORKERS <sup>3</sup>	WHOLE- SALE PRICES OF ALL COMMOD- ITIES <sup>4</sup>	RETAIL FOOD PRICES <sup>5</sup>	COST OF LIVING URBAN <sup>6</sup>	PRICES RECEIVED BY FARMERS <sup>7</sup>	PRICES PAID BY FARMERS <sup>8</sup>	PRICES PAID BY FARMERS, INTEREST AND TAXES <sup>8</sup>	RATIO OF PRICES RE- CEIVED TO PRICES PAID INCL. INTEREST & TAXES	CASH INCOME FROM FARM MAR- KETINGS <sup>9</sup>
Base Period	1935-39	1935-39	1935-39	1935-39	1935-39	1935-39	1935-39	1910-14	1910-14	1910-14	1910-14	1910-14
1929	110	108	127	134	118	133	122	146	154	166	88	190
1930	91	94	103	110	107	126	119	126	146	159	79	152
1931	75	80	78	85	91	104	109	87	126	139	63	107
1932	58	68	54	59	80	86	98	65	108	121	54	80
1933	69	75	58	61	82	84	92	70	108	118	59	89
1934	75	88	74	77	93	94	96	90	122	128	70	106
1935	87	93	86	87	99	100	98	108	125	130	83	119
1936	103	101	99	100	100	101	99	114	124	128	89	139
1937	113	111	118	117	107	105	103	121	131	135	90	148
1938	89	93	91	91	98	98	101	95	123	129	74	129
1939	108	102	106	105	96	95	99	93	121	127	72	132
1940	123	110	122	119	98	97	100	98	122	127	77	141
1941	156	130	172	163	108	105	105	122	131	134	91	188
1941- Aug.	161	136	183	174	112	108	106	131	133	136	96	186
Sept.	161	135	187	177	114	111	108	139	136	138	101	200
Oct.	163	136	189	178	115	112	109	139	139	141	99	203
Nov.	166	137	192	180	115	113	110	135	141	143	94	205
Dec.	167	138	197	187	116	113	110	143	142	143	100	244
1942- Jan.	171	139	208	196	119	116	112	149	146	146	102	243
Feb.	172	138	205	194	120	117	113	145	147	147	99	236
Mar.	171	138	205	194	121	118	114	146	150	150	97	231
Apr.	173	139	213	203	122	120	115	150	151	151	99	248
May	174	140	220	209	123	122	116	152	152	152	100	237
June	176	143	228	216	122	123	116	151	152	152	99	238
July <sup>10</sup>	180	147	242	227	122	125	117	154	152	152	101	239
Aug. <sup>10</sup>	--	--	--	--	123	126	117	163	152	152	107	--

<sup>1</sup>Federal Reserve Board, adjusted for seasonal variation. Revised September 1941.

<sup>2</sup>Bureau of Labor Statistics, adjusted for seasonal variation and converted from the 1923-25 base (employment adjusted by Federal Reserve and pay rolls by Bureau of Agricultural Economics).

<sup>3</sup>Adjusted for seasonal variation. Includes factory, railroad, and mining employees. Revised November 1941. To convert to 1924-29 base, multiply by 78.0744 percent.

<sup>4</sup>Bureau of Labor Statistics, 1926 = 100 converted to 1935-39 = 100 by multiplying by 124.069 percent.

<sup>5</sup>Bureau of Labor Statistics.

<sup>6</sup>Bureau of Labor Statistics. Index numbers of cost of goods purchased by wage earners and low-salaried workers in large cities.

<sup>7</sup>August 1909-July 1914 = 100.

<sup>8</sup>Revised June 1942. Annual figures are straight averages of 12 monthly indexes, 1923-41.

<sup>9</sup>Adjusted for seasonal variation, converted from 1924-29 = 100 to 1910-14 = 100.

<sup>10</sup>Preliminary.

Note: In comparing trends between industrial production and industrial workers' income, as indicated by the above index numbers, notice should be taken of the fact that income of railway workers, as well as incomes of mining and factory workers, is included in the index of industrial workers' income, whereas the industrial production index is based on mining and manufacturing only. Similar precautions are necessary in comparing trends between industrial production and factory employment and pay rolls. Another consideration of importance is that the production index is based on volume, whereas the income indexes are affected by changes in wage rates as well as by time worked. In comparing monthly indexes it is important to keep in mind the fact that there is usually a time lag between changes in volume of production and similar changes in employment and in workers' income.

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